

Senate Joint Resolution 20 - Introduced

SENATE JOINT RESOLUTION 20
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SJR 2)

SENATE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution
2 of the State of Iowa relating to the state budget by
3 creating a state general fund expenditure limitation.
4 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. The following amendment to the Constitution of
2 the State of Iowa is proposed:

3 The Constitution of the State of Iowa is amended by adding
4 the following new section to a new Article:

5 ARTICLE ____.

6 EXPENDITURE LIMITATION.

7 Section 1. **General fund expenditure limitation.**

8 1. For the purposes of this section:

9 *a. "Adjusted revenue estimate"* means the most recent revenue
10 estimate determined before January 1, or a later and lower
11 revenue estimate determined before adjournment of the regular
12 session of the general assembly, for the general fund for the
13 following fiscal year, as determined by the revenue estimating
14 conference, adjusted by subtracting estimated refunds payable
15 from that estimated revenue. However, if the state general
16 fund expenditure limitation is calculated based upon the
17 adjusted revenue estimate and not based upon the net revenue
18 estimate and the general assembly holds an extraordinary
19 session prior to the commencement of the fiscal year to which
20 the adjusted revenue estimate applies and if before or during
21 the extraordinary session the revenue estimating conference
22 determines a lower revenue estimate, the lower estimate shall
23 be used for calculating the adjusted revenue estimate.

24 *b. "Current fiscal year"* means the fiscal year preceding
25 the fiscal year to which the state general fund expenditure
26 limitation applies.

27 *c. "General fund"* means the principal operating fund of the
28 state.

29 *d. "Net revenue estimate"* means the most recent revenue
30 estimate determined before January 1, or a later and lower
31 estimate determined before adjournment of the regular
32 session of the general assembly, for the general fund
33 for the current fiscal year, as determined by the revenue
34 estimating conference, and adjusted by subtracting estimated
35 refunds payable from that estimated revenue. However, if

1 the state general fund expenditure limitation is calculated
2 based upon the net revenue estimate and not based upon the
3 adjusted revenue estimate and the general assembly holds an
4 extraordinary session prior to the completion of the fiscal
5 year to which the net revenue estimate applies and if before
6 or during the extraordinary session the revenue estimating
7 conference determines a lower revenue estimate for the current
8 fiscal year, the lower estimate shall be used for calculating
9 the net revenue estimate for the general fund.

10 *e.* "*New revenue*" means moneys received by the general fund
11 due to increased tax rates or fees or newly created taxes or
12 fees over and above those moneys received by the general fund
13 due to state taxes or fees in effect as of January 1 following
14 the most recent meeting of the revenue estimating conference.
15 "*New revenue*" also includes moneys received by the general
16 fund due to new transfers to the general fund over and above
17 those moneys received by the general fund due to transfers in
18 effect as of January 1 following the most recent meeting of the
19 revenue estimating conference.

20 2. A state general fund expenditure limitation is created,
21 as calculated in subsection 3, for each fiscal year beginning
22 on or after July 1 following ratification by the voters of this
23 amendment to the Constitution of the State of Iowa.

24 3. The state general fund expenditure limitation for a
25 fiscal year shall be the lesser of the following amounts:

26 *a.* Ninety-nine percent of the adjusted revenue estimate for
27 the following fiscal year for the general fund.

28 *b.* One hundred four percent of the current fiscal year net
29 revenue estimate for the general fund.

30 4. The state general fund expenditure limitation shall be
31 used by the governor in the preparation and approval of the
32 budget and by the general assembly in the budget process.

33 5. If a new revenue source is proposed, the budget revenue
34 projection used for that new revenue source for the period
35 beginning on the effective date of the new revenue source and

1 ending in the fiscal year in which that source is included in
2 the adjusted revenue estimate or the net revenue estimate,
3 as applicable, shall be ninety-five percent of the amount
4 remaining after subtracting estimated refunds payable from the
5 projected revenue from that source.

6 6. If a revenue decrease is proposed, the projection for the
7 revenue source used for that revenue decrease for the period
8 beginning on the effective date of the revenue decrease and
9 ending in the fiscal year in which that decrease is included in
10 the adjusted revenue estimate or the net revenue estimate, as
11 applicable, shall be one hundred percent of the amount of the
12 projected revenue decrease from that source.

13 7. The scope of the state general fund expenditure
14 limitation calculated in accordance with this section shall not
15 include federal funds, donations, constitutionally dedicated
16 moneys, and moneys expended from a state retirement system.

17 8. The governor shall submit and the general assembly shall
18 pass a budget which does not exceed the state general fund
19 expenditure limitation. The governor shall not approve or
20 disapprove appropriation bills or items of appropriation bills
21 passed by the general assembly in a manner that would cause the
22 final appropriations approved by the governor to exceed the
23 state general fund expenditure limitation.

24 9. The governor shall not submit and the general assembly
25 shall not pass a budget which in order to balance assumes
26 reversion of any part of the total of the appropriations
27 included in the budget.

28 10. The general assembly shall establish by law a general
29 fund of the state and a revenue estimating conference. The
30 general assembly shall enact laws to implement this section.

31 11. The general assembly may suspend the application of this
32 article by passage of a joint resolution, subject to approval
33 by the governor, by two-thirds of the members elected to each
34 house of the general assembly.

35 Sec. 2. REFERRAL AND PUBLICATION. The foregoing amendment

1 to the Constitution of the State of Iowa is referred to the
2 general assembly to be chosen at the next general election for
3 members of the general assembly, and shall be published as
4 provided by law for three consecutive months previous to the
5 date of that election.

6 EXPLANATION

7 The inclusion of this explanation does not constitute agreement with
8 the explanation's substance by the members of the general assembly.

9 This joint resolution proposes an amendment to the
10 Constitution of the State of Iowa establishing a new Article
11 that relates to the state budget by creating a constitutionally
12 required state general fund expenditure limitation.

13 The expenditure limitation is the lesser of 99 percent
14 of the adjusted revenue estimate for the general fund for
15 the following fiscal year or 104 percent of the net revenue
16 estimate for the general fund for the current fiscal year.
17 The amendment defines "adjusted revenue estimate" and "net
18 revenue estimate" and requires that the estimates be determined
19 by a revenue estimating conference, which is required to be
20 established by the general assembly by law. The amendment
21 requires the expenditure limitation to be used by the governor
22 in preparation of the governor's budget and by the general
23 assembly in the budget process, and requires the governor to
24 submit, and the general assembly to pass, a budget that does
25 not exceed the expenditure limitation. The amendment prohibits
26 the governor from approving or disapproving of appropriations
27 in a manner that would cause the final budget approved by the
28 governor to exceed the expenditure limitation.

29 If a new revenue source is proposed, 95 percent of the
30 estimate of that new revenue, less the estimated refunds
31 payable, shall be included in the revenue estimate used
32 to calculate the expenditure limitation. If a new revenue
33 decrease is proposed, 100 percent of the estimate of that
34 revenue decrease shall be included in the revenue estimate used
35 to calculate the expenditure limitation.

1 The amendment authorizes the general assembly to suspend the
2 application of the expenditure limitation by passage of a joint
3 resolution, subject to approval by the governor, by two-thirds
4 of the members elected to each house of the general assembly.

5 The joint resolution, if adopted, will be referred to the
6 next general assembly for adoption a second time in identical
7 form before being submitted to the electorate for ratification.